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RUEHNE/AMEMBASSY NEW DELHI 0574
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RUEHKP/AMCONSUL KARACHI 2134
RUEHCG/AMCONSUL CHENNAI 7369
RUEHLMC/MILLENNIUM CHALLENGE CORP

UNCLAS COLOMBO 000200

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STATE FOR SCA/INS AND EB/ESC/IEC

MCC FOR S GROFF, D NASSIRY AND E BURKE

E.O 12958: N/A

TAGS: [KTDB](#) [ECON](#) [ETRD](#) [ENRG](#) [CE](#)

SUBJECT: IMI - OIL EXPLORATION IN SRI LANKA

¶1. Sri Lanka is hoping to begin offshore oil prospecting soon. Seismic surveys and airborne gravity surveys have confirmed the possible existence of petroleum resources in Sri Lanka's territorial waters off the northern and western coasts, in the Cauvery basin in the Palk Straits (between Sri Lanka and India) and in Mannar basin along the western coastal belt of Sri Lanka. The seismic surveys were conducted by the Australian subsidiary of Norwegian firm T.G.S. Nopec in 2003 and 2005. Seismic data from a 2 dimensional survey carried out by TGS-NOPEC can be purchased from the Government of Sri Lanka.

¶2. Licensing to open 6 drilling plots in the Mannar basin will be handled through a competitive bidding process. According to current plans, the exploration round will be announced in May 2007 with bids closing in December 2007. The government hopes to do a road show after opening the bid round, including stops in the US, London, Dubai, and Singapore. The US stop will likely be Houston during the May 1 Offshore Technology Conference.

¶3. In addition to the exploration round, the government is planning to procure the following services in Spring 2007:

- ¶A. Designing the production sharing agreement
- ¶B. Designing a computer model to analyze and evaluate the exploration bids
- ¶C. Designing of the regulatory regime governing petroleum exploration (to be funded through a US Trade and Development Agency (USTDA) grant)
- ¶D. Designing and executing a marketing campaign to promote the bid round.

¶4. These tenders (except for item C) will be announced in the local newspapers. The US Embassy Colombo will publicize these tenders through its website <http://srilanka.usembassy.gov> and through the US Department of Commerce at www.buyusa.gov and <http://www.export.gov/tradeleads/index.asp>. Request for proposals announcement for the USTDA funded petroleum exploration regulatory regime design project will be publicized through the USTDA website (www.ustda.gov) and the FedBizOpps website at www.fbo.gov.

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